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SUBJECT: VIETNAM ECONOMIC HIGHLIGHTS: WIDER TRADING BAND, IMPORT
TAX HIKE AND NEW PRICE CONTROLS

¶1. This cable is part of an ongoing series on developing economic
stories in Vietnam.

SECURITIES COMMISSION WIDENS SHARE TRADING BAND

¶2. The State Security Commission (SSC) widened the daily trading
band on the Ho Chi Minh City Stock Exchange to +/-3 percent from the
previous 2 percent and the band on the Hanoi Securities Trading
Center to +/- 4 percent from the previous 3 percent, effective on
June 19. Prior to the widening, the market had shown some slight
signs of recovery, with the Ho Chi Minh Stock Exchange's VN Index
gaining for four consecutive days. The band adjustment, while
welcomed by traders and analysts, did not have immediate positive
effects and the market closed down at 366 on June 20.

IMPORT TAX HIKE ON COSMETICS, MOBILE PHONES AND AUTO PARTS

¶3. On June 12, the Finance Ministry raised tax rates on the
following categories of imported goods: cosmetics (from 30 to 36
percent), mobile phones (from 5 to 8 percent) and automotive parts
(from a range as low as 10 up to 29 percent), effective June 20.
This increase is part of the Government of Vietnam's (GVN) effort to
curb the ballooning trade deficit.

FIGHTING INFLATION WILL REMAIN TOP PRIORITY IN 2009

¶4. Prime Minister Nguyen Tan Dung has ordered ministries,
governmental bodies, provincial authorities and state-owned
enterprises to draft the socio-economic development plan for 2009.
The PM stressed that the priorities for next year will remain
focused on curbing inflation, stabilizing the macro-economic
situation and ensuring social security and sustainable growth. He
estimated that GDP in 2009 will increase by 7 - 7.5 percent, similar
to the revised growth numbers for 2008. The PM also emphasized the
importance of attracting and rapidly disbursing ODA and FDI capital
and combating corruption.

GVN INCREASES PRICE MANAGEMENT TO CURB INFLATION

¶5. As part of its efforts to curb inflation and stabilize prices,
the GVN has ordered stronger supervision over prices of some
"politically and economically sensitive" goods. The list of 14
products subject to price management now includes refined sugar,
milk, pesticides, veterinary medicine, hard-seat train tickets and
some animal feeds. In addition, the new decree also provides more
measures by which the GVN can intervene to stabilize prices,
including requiring certain companies to report regularly input

costs and sales prices, prohibiting prices above the benchmark price set by the GVN and imposing administrative penalties on violators.

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